

Message Text

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47

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

DOT-00 INR-10 NSAE-00 RSC-01 FAA-00 L-03 FEA-02

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R 181334Z JUN 74

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 3297

LIMITED OFFICIAL USE BOGOTA 5292

EO 11652: NA

TAGS: ETRN CO

SUBJ: CIVAIR - BRANIFF FUEL PROBLEM

REF: A. STATE 126247; B. STATE 117454

1. DATA SUPPLIED BY LOCAL BRANIFF OFFICIALS INDICATE THAT AVIANCA PAYS HIGHER PRICE THAN DOES BRANIFF FOR BONDED JET FUEL AT ALL THREE US AIRPORTS SERVED BY BOTH AIRLINES. PRICES ARE AS FOLLOWS (CENTS PER GALLON): LOS ANGELES: AV-31, BN-27; MIAMI: AV-31, BN-25; NEW YORK (JFK): AV-30, BN-26. PRICES RESULT FROM CONTRACTS NEGOTIATED BETWEEN AIRLINE AND SUPPLIER. EMBASSY ALSO UNDERSTANDS THAT VOLUME OF PURCHASE BY BRANIFF IN ABOVE CITIES IS NOT SIGNIFICANTLY GREATER THAN THAT OF AVIANCA.

2. IN VIEW ABOVE IT WOULD APPEAR THAT ONLY SIGNIFICANT DIFFERENCES BETWEEN SALES PRACTICES ARE (1) SIZE OF DISCOUNT OFFERED COLOMBIAN CARRIERS (2) ROLE OF STATE ENTERPRISE AS SUPPLIER IN COLOMBIA AS OPPOSED TO PRIVATE SUPPLIER IN US.

3. ALLEGED VOLUME RATIONALE BY ECOPETROL IS CLEARLY NOT APPLICABLE FOR SALES TO AEROCONDOR SINCE BRANIFF PURCHASES GREATER QUANTITY. HOWEVER, WE ARE NOT SURE TO WHAT EXTENT US PRICE DIFFERENTIALS ARE BASED ON VOLUME AND WOULD NOT BE LIMITED OFFICIAL USE

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SURPRISED TO FIND THAT A US CARRIER WITH LESS VOLUME THAN

AVIANCA RECEIVES A LOWER PRICE. SINCE DISCOUNTS APPEAR TO BE ACCEPTED PRACTICE, WE FIND IT DIFFICULT TO MAINTAIN THAT A 12 CENT DIFFERENTIAL IS DISCRIMINATORY BUT ONE OF 6 CENTS IS NOT. WE SUSPECT THE GOC WOULD COME TO SAME CONCLUSION.

4. EMBASSY BELIEVES THAT FORMAL PROTEST TO GOC WOULD BE SUM-MARILY REJECTED UNLESS GROUNDS EXIST TO SHOW THAT ECOPETROL PRICING CARRIES INTENT TO DISCRIMINATE WHILE US PRICING DOES NOT - REGARDLESS OF AMOUNT OF DISCOUNT. IN VIEW OF PRESENTLY LIMITED CASE AND POOR PROSPECTS FOR PROTEST, EMB BELIEVES THAT ISSUE SHOULD NOT BE RAISED WITH FOREIGN OFFICE UNLESS STRONGER ARGUMENT RE DISCRIMINATION CAN BE PRESENTED.
VAKY

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